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Energy Research Services, Inc.

January 27, 2007

Commissioner James H. Welsh
Office of Conservation
PO Box 94275
Baton Rouge, LA 70804-9275

Re: Request for Public Hearing
Hilcorp Energy Company
Caillou Island Field
Terrebonne Parish, Louisiana

Dear Commissioner Welsh,

On behalf of Hilcorp Energy Company (Hilcorp), application is being made for a public hearing, after legal notice, to consider evidence relative to the issuance of an order, pursuant to Louisiana Administrative Code, Title 43, Part XIX, Subpart 17, Chapter 39 (Hearings), excepting all existing and future Class II injection wells operated by Hilcorp Energy Company, its successors and assigns within the geographic limits of the Caillou Island Field or located within existing and future units created by the Commissioner of Conservation, as depicted on the map of said field attached hereto and made a part hereof, from the following provisions of LAC Title 43, Part XIX, Chapter 4 (Pollution Control – Class II Injection/Disposal Well Regulations), to wit:

Section 405.B.4 and 405.B.5 of Chapter 4 of Title 43, Part XIX. (Application Requirements for New Enhanced Recovery Injection and New Saltwater Disposal Wells)

Section 415 (Paragraphs (B), (C), and (D) of Chapter 4 of Title 43, Part XIX, of Statewide Order 29-B). (Construction Requirements For New Wells)

Section 417 (Paragraphs (A), (B), (D), (E), (F), and (G) of Chapter 4 of Title 43, Part XIX, Statewide Order 29-B). (Monitoring and Reporting Requirements)

Section 419 (Paragraphs (A), (B), (C), (D), and (E) of Chapter 4 of Title 43, Part XIX, of Statewide Order 29-B). (Logging and Testing Requirements)

The mechanical integrity of all injection wells shall be assured by the operators compliance with the provisions of LAC Title 43, Part XIX, Section 109 (Section V of Statewide Order No. 29-B), (Casing Program). Documentation of such compliance shall be immediately provided to the Commissioner upon request.

Hilcorp is requesting exceptions to the applicability of the above enumerated provisions of LAC Title 43, Part XIX (of Chapter 4 of Statewide Order No. 29-B) and to the Injection and Mining Division policies regarding the Maximum Authorized Surface Injection Pressure to all existing and future Class II injection wells located within the geographic boundaries of the Caillou Island Field on the grounds that there are no "underground sources of drinking water", as defined on Form UIC-2 SWD and by regulation in LAC Title 43, Part XIX Chapter 4, Sec 403.B within Caillou Island Field, as depicted on Exhibit 1. Form UIC-2 SWD defines the base of the lowermost Underground Source of Drinking Water (USDW) as the following, determined by the deep induction curve on the electric log;

*3 ohms from surface to 1000 feet,
2.5 ohms from 1000 feet to 2000 feet,
2 ohms below 2000 feet.*

Clay or shale intervals with resistivities higher than these are not considered USDW's.

Furthermore Sec 403.B of Chapter 4 of Title 43, Part XIX, Subpart 1 defines a USDW as:

An aquifer or its portion:

- 1. which supplies any public water system; or*
- 2. which contains a sufficient quantity of ground water to supply a public water system; and*
 - a) currently supplies drinking water for human consumption; or*
 - b) contains fewer than 10,000 mg/l total dissolved solids; and*
- 3. which is not an exempted aquifer.*

Therefore, the issuance of an order granting the requested exceptions will not endanger any "underground source of drinking water", which constitutes "good cause" for granting of said exceptions pursuant to the provisions of LAC Title 43, Part XIX, Section 431 of Chapter 4 of Title 43, Part XIX, of Statewide Order 29-B).

For proof that no "underground sources of drinking water are contained within the geographic boundaries of the Caillou Island Field, Hilcorp will submit testimony and exhibits at the public hearing called on this matter establishing that no aquifer or portion thereof within the Caillou Island Field supplies any public water system nor currently supplies drinking water for human consumption. Furthermore, testimony along with supporting documentation at the public hearing called on this matter will establish that no aquifer or portion thereof within the Caillou Island Field contains an Underground Source of Drinking Water.

Attached are copies of the following:

- Proposed hearing exhibits
- List of interested owners, interested parties, and represented parties
- Hearing fee of \$755.00

The applicable authority will be covered pursuant to Title 43.

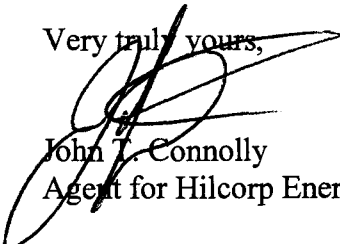
In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statutes or regulations of the State of Louisiana. Hilcorp requests that this matter be set for hearing at the earliest possible time and date.

A copy of this application and attachments, except the check, is being sent to Mr. Richard D. Hudson, District Manager, Office of Conservation, Lafayette, Louisiana. A copy of the legal notice will be mailed to each Interested Owner, Represented Parties, and Interested Parties having an interest in the Caillou Island Field. Hilcorp has made a reasonable effort to obtain the names and addresses of all lessors and owners of working interest, other than Hilcorp, in leases covering acreage situated within the geographic boundaries of the Caillou Island Field, and we enclose herewith a list of the names and addresses of such parties.

All inquiries concerning this proposal should be directed to Mr. John T. Connolly, Agent for Hilcorp Energy Company, 19345 Point O Wood Court, Baton Rouge, Louisiana 70809.

Should you have any questions, please call or email me at 753-4723 / ersses@cox.net.

Very truly yours,



John T. Connolly
Agent for Hilcorp Energy Company

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